GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA

UNSTARRED QUESTION NO:5385
ANSWERED ON:06.04.2017
Financial Administration in Panchayats
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Will the Minister of PANCHAYATI RAJ be pleased to state:

a) the infrastructure in place regarding the financial administration including the responsibility and monitoring mechanism in the Panchayati Raj Institutions (PRIs); and

b) the details of the steps taken by the Government for providing assistance regarding financial administration and developing better mechanism in the PRIs?

Answer

MINISTER OF STATE IN THE MINISTRY OF PANCHAYATI RAJ
(SHRI PARSHOTTAM RUPALA)

(a) & (b): The infrastructure regarding financial administration in Panchayati Raj Institution varies from State to State. Every Gram Panchayat (GP) is expected to formulate Gram Panchayat Development Plan (GPDP). Under the Fourteenth Finance Commission (FFC) award, grants to the tune of Rs. 2,00,292.20 crore are being devolved over a period of five years (2015-2020) to Gram Panchayats (GPs) constituted under Part IX of the Constitution in 26 States to support and strengthen the delivery of basic services, creation of reliable data base of local bodies' receipts & expenditure through audited accounts and for improvement of own source revenue.

Ministry of Finance (MoF) guidelines dated 08.10.2015 enjoin upon States to constitute a High Level Monitoring Committee (HLMC) headed by Chief Secretary for monitoring and concurrent evaluation of local bodies and to ensure that funds are utilized for the purpose recommended by the Fourteenth Finance Commission(FFC). Ministry of Panchayati Raj (MoPR) has constituted a Coordination Committee under the Secretary, Panchayati Raj to inter-alia guide and support States and local bodies in the implementation of FFC recommendations, monitor progress of expenditure of grants by local bodies and suggest remedial measures. As per the MoF Guidelines State Governments are also required to put in place third party audit mechanism by 31.3.2017. Further to facilitate better monitoring of release/capturing sector-wise expenditure made by Gram Panchayats from FFC grants MoPR has developed online system (MIS) under PlanPlus application http://planningonline.gov.in/ffcReport.jsp.

Gram Panchayats can incur expenditure up to 10% of the FFC grants towards cost of technical and administrative support towards Operations & Maintenance (O & M) and capital expenditure. Under the erstwhile scheme of Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA) implemented during 2012-13 to 2015-16, financial assistance had been provided to states for procurement of computers and manpower support for e-governance unit at State and District level.